

ADOPTED 2005 BUDGET

DEPT: COUNTY SALES TAX REVENUE

UNIT NO. 1900-2903

FUND: General - 0001

OPERATING AUTHORITY & PURPOSE

Pursuant to the provisions of Section 77.70 of the Wisconsin Statutes, counties may enact a 0.5 percent sales and use tax. The tax is typically imposed on the same goods and services as the

State's 5.0 percent sales tax. Section 22.04 of the Milwaukee County Ordinances addresses uses of sales tax revenue.

BUDGET SUMMARY						
	2002 <u>Actual</u>	2003 <u>Actual</u>	2003 <u>Budget</u>	2004 <u>Budget</u>	2005 <u>Budget</u>	2004/2005 <u>Change</u>
County Sales Tax Collections	\$ 55,699,737	\$ 57,115,433	\$ 53,949,530	\$ 59,312,254	\$ 62,430,840	\$ 3,118,586

Beginning with the 2000 Adopted Budget, the table above was added to present sales tax revenues net of the administrative charge, but including sales tax revenues allocated to the capital improvements budget (capital) or not allocated for a specific purpose. (In 2002, \$3,000,000 in sales tax revenue was used for general fund purposes.) Therefore, the sales tax amount budgeted in this non-departmental did not match the amount in the budgeting system because sales tax revenue allocated to capital is presented in the various capital projects. The sales tax revenue in the table above has been modified to reflect sales tax revenues net of the administrative charges and the allocation to the capital.

STATISTICAL SUPPORTING DATA	2003 <u>Actual</u>	2004 <u>Budget</u>	2005 <u>Budget</u>
Estimated County Sales Tax Collections, Excluding Retailer's Discount	\$ 60,852,420	\$ 62,715,500	\$ 64,583,092
State Administrative Fee	<u>(1,064,917)</u>	<u>(1,097,500)</u>	<u>(1,130,182)</u>
Milwaukee County Sales Tax Collections	\$ 59,787,503	\$ 61,618,000	\$ 63,452,910
County Sales Tax Allocated to Capital Improvements	(2,672,072)	(2,305,746)	(1,022,070)
Contribution to General Fund	\$ <u>(3,983,800)</u>	\$ <u>(25,440,770)</u>	\$ <u>(26,200,387)</u>
Net County Sales Tax Revenue Available for Debt Service Expenses	\$ 53,131,631	\$ 33,871,484	\$ 36,230,453

On April 1, 1991, Milwaukee County retailers began collecting a 0.5 percent county sales and use tax. Generally, items, which are currently subject to the State's 5.0 percent sales tax, are subject to the county sales and use tax in counties that have enacted the tax. Milwaukee County is currently one of 55 counties in the State of Wisconsin that relies on the sales tax to fund services formerly financed by local property taxes. The county sales and use tax is administered and collected by the Wisconsin Department of Revenue. The 2005 budgeted amount reflects the 1.75 percent state administrative fee.

Section 22.04, Milwaukee County Ordinances, previously required that sales tax revenue be used

to pay tax-supported debt service costs. Surplus revenues not needed for debt service payments were required to be used to directly finance capital improvements.

On June 18, 2003, the County Board of Supervisors approved Resolution File No. 03-263(a)(a), which modified Section 22.04 of the General Ordinances so that surplus sales and use tax revenues can be used to pre-fund employee benefit costs or fund anticipated or extraordinary annual increases in such costs or supplement the Appropriation for Contingencies. Sales tax revenues are allowed to be used for the above general fund purposes through calendar year 2007.

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The 2005 Budget projects growth of approximately 2.97 percent in budgeted sales tax receipts, which represents an increase of approximately 6.13 percent over the 2003 balance of \$59,787,503. Projected revenues for 2005 total \$63,452,910.

For the 2005 Budget, projected sales tax collections exceed debt service costs by \$26,200,387. Therefore, \$36,230,453 in net sales tax revenues is earmarked for debt service costs and \$1,022,070 is dedicated to direct financing of 2005 capital improvements.

Based on the assumptions above, there would be an estimated uncommitted balance of \$26,200,387 budgeted for general county purposes.

Pursuant to Resolution File No. 03-263(a)(a), which modified County Ordinances so that surplus sales and use tax revenues can be used to pre-fund employee benefit costs or fund anticipated or extraordinary annual increases in such costs, these excess sales tax revenues are available to partially offset the following increased employee benefit costs:

	2004 <u>Budget</u>	2005 <u>Budget</u>	Increase (Decrease)
Sick Leave	\$ 7,388,000	\$ 1,836,000	\$ (5,552,000)
Pension Contribution	\$ 35,858,000	\$ 35,735,000	\$ (123,000)
Employee/Retire Medical Costs	\$ 101,269,028	\$ 112,081,227	\$ 10,812,199

Increased sales tax revenues have not been directly allocated within the above budgets but are presented here to show conformance with the sales tax ordinance change.